

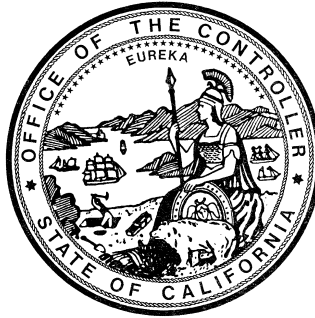
RIVERSIDE UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

October 2004



STEVE WESTLY
California State Controller

October 28, 2004

Susan J. Rainey, Ed.D.
District Superintendent
Riverside Unified School District
3380 14th Street
Riverside, CA 92501

Dear Dr. Rainey:

The State Controller's Office (SCO) audited the claims filed by Riverside Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$660,487 for the mandated program. Our audit disclosed that \$72,386 is allowable and \$588,101 is unallowable. The unallowable costs occurred because the district overclaimed the number of reimbursable truancy notifications. The district was paid \$564,548. The amount paid in excess of allowable costs claimed totals \$492,162.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's website at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:jj/wq

cc: Michael Fine

Deputy Superintendent
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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the Riverside Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was July 21, 2003.

The district claimed \$660,487 for the mandated program. Our audit disclosed that \$72,386 is allowable and \$588,101 is unallowable. The unallowable costs occurred because the district overclaimed the number of reimbursable truancy notifications. The district was paid \$564,548. The amount paid in excess of allowable costs claimed totals \$492,162.

Background

Education Code Section 48260.5 (added by Chapter 498, Statutes of 1983) requires school district's, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and be subject to prosecution.

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year, according to *Education Code* Section 48260. A student shall be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in *Education Code* Section 48260.5.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [COSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandated and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and last amended it on July 22, 1993. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

We performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

We conducted our audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

We limited our review of the district's management controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

The audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Riverside Unified School District claimed \$660,487 for costs of the Notification of Truancy Program. Our audit disclosed that \$72,386 is allowable and \$588,101 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$260,952 by the State. Our audit disclosed that \$3,498 is allowable. The amount paid in excess of allowable costs claimed, totaling \$257,454, should be returned to the State.

For FY 2000-01, the district was paid \$200,135 by the State. Our audit disclosed that none of the costs is allowable. The entire amount paid should be returned to the State.

For FY 2001-02, the district was paid \$103,461 by the State. Our audit disclosed that \$68,888 is allowable. The amount paid in excess of allowable costs claimed, totaling \$34,573, should be returned to the State.

**Views of
Responsible
Officials**

We issued a draft audit report on December 5, 2003. The district requested and was granted an extension—from December 30, 2003, to January 27, 2004—to respond to the draft audit report. However, we have not received a response to the draft audit report.

Restricted Use

This report is solely for the information and use of the Riverside Unified School District, the Riverside County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Schedule 1— Summary of Program Costs July 1, 1999, through June 30, 2002

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>	<u>Reference¹</u>
<u>July 1, 1999, through June 30, 2000</u>				
Number of truancy notifications	21,337	286	(21,051)	Findings 1, 2
Uniform cost allowance	<u>× \$12.23</u>	<u>× \$12.23</u>	<u>× \$12.23</u>	
Total costs	<u>\$ 260,952</u>	<u>\$ 3,498</u>	<u>\$(257,454)</u>	
Less amount paid by the State		<u>(260,952)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(257,454)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Number of truancy notifications	23,258	—	(23,258)	Findings 1, 2
Uniform cost allowance	<u>× \$12.73</u>	<u>× \$12.73</u>	<u>\$ \$12.73</u>	
Total costs	<u>\$ 296,074</u>	<u>\$ —</u>	<u>\$(296,074)</u>	
Less amount paid by the State		<u>(200,135)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(200,135)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of truancy notifications	8,014	5,336	(2,678)	Findings 1, 2
Uniform cost allowance	<u>× \$12.91</u>	<u>× \$12.91</u>	<u>× \$12.91</u>	
Total costs	<u>\$ 103,461</u>	<u>\$ 68,888</u>	<u>\$(34,573)</u>	
Less amount paid by the State		<u>(103,461)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(34,573)</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Total costs	<u>\$ 660,487</u>	<u>\$ 72,386</u>	<u>\$(588,101)</u>	
Less amount paid by the State		<u>(564,548)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(492,162)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overclaimed number of initial truancies

The district claimed \$16,159 during the audit period for 1,267 initial truancy notification forms distributed to pupils' parents or guardians that were not supported by attendance records. The overclaimed number of initial truancy notifications resulted from mathematical errors when the district manually counted the students from student absence reports during the claim preparation process.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Number of truancy notifications supported by absence reports	21,336	22,163	7,843	
Less truancy notifications claimed	<u>(21,337)</u>	<u>(23,258)</u>	<u>(8,014)</u>	
Unallowable truancy notifications	(1)	(1,095)	(171)	<u>(1,267)</u>
Uniform cost allowance	<u>×\$12.23</u>	<u>×\$12.73</u>	<u>×\$12.91</u>	
Audit adjustment	<u>\$ (12)</u>	<u>\$(13,939)</u>	<u>\$ (2,208)</u>	<u>\$(16,159)</u>

Recommendation

We recommend the district establish policies and procedures to ensure that it prepares claims that are free of mathematical errors.

FINDING 2— Unallowable costs relating to initial truancies

This district claimed \$571,942 during the audit period for initial truancy notification forms that were not reimbursable. The costs were not reimbursable because the district was unable to support that notification forms were distributed to pupils' parents or guardians or that pupils had accumulated the number of unexcused absences necessary to be classified as truant under the mandated program. The audit adjustment is summarized as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Allowable costs per audit	\$ 3,497	\$ —	\$ 68,888	\$ 72,385
Less actual costs claimed	<u>(260,939)</u>	<u>(282,135)</u>	<u>(101,253)</u>	<u>(644,327)</u>
Audit adjustment	<u>\$ (257,442)</u>	<u>\$(282,135)</u>	<u>\$ (32,365)</u>	<u>\$(571,942)</u>

We selected a statistical sample from the total population of pupils claimed as truant for each year that was based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sample so the sample results could be projected to the population.

We reviewed attendance records for a random sample of 149 pupils claimed as truant in each of the first two fiscal years and 147 pupils in the third fiscal year. The number of unallowable truancy notifications identified in the sample, the unallowable percentage, and the projected audit adjustment are summarized below:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Number of unallowable truancy notifications	147	149	47	
Truant pupils sampled	$\div 149$	$\div 149$	$\div 147$	
Unallowable percentage	(98.66)%	(100.00)%	(31.97)%	
Truancy notifications claimed	$\times 21,336$	$\times 22,163$	$\times 7,843$	
Projected unallowable truancy notifications	(21,050)	(22,163)	(2,507)	
Uniform cost allowance	$\times \$12.23$	$\times \$12.73$	$\times \$12.91$	
Audit adjustment	<u>\$(257,442)</u>	<u>\$(282,135)</u>	<u>\$ (32,365)</u>	<u>\$(571,942)</u>

For FY 1999-2000, 147 of the sampled 149 notifications were not reimbursable. For eight of the sampled notifications, the district used a truancy notification letter that did not contain two of the five required elements outlined in *Parameters and Guidelines*: (1) alternative educational programs available to the student and (2) a statement regarding the parent's obligation to compel the student's attendance at the school. Another 139 sampled notifications were not supported by any documentation. Two of the 149 sampled letters included an additional cover letter that was used only by University Heights Middle School that contained the two missing elements.

For FY 2000-01, none of the 149 sampled notifications was reimbursable. For two of the sampled notifications, the district used a notification letter that did not contain the two required elements noted above. The remaining 147 sampled notifications were not supported by any documentation.

For FY 2001-02, 47 of the 147 sampled notifications were not reimbursable. For 22 of the sampled notifications, the pupils did not have four or more truantries in the school year. The remaining 25 sampled notifications were not supported by any documentation. The supported notification letters did contain the five specified elements required by the mandate and the three additional elements required by an amendment to the *Education Code*.

Parameters and Guidelines, as amended by the Commission on State Mandates on July 22, 1993, specifies that school districts shall be reimbursed for identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians, and associated recordkeeping using a uniform cost allowance. The uniform cost allowance, which was \$10.21 per initial notification of truancy in FY 1992-93, is adjusted each subsequent year by the Implicit Price Deflator.

Parameters and Guidelines, as amended by the Commission on State Mandates, allows the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to pupils' parents or guardians contain five specified elements. *Education Code* Section 48260.5 was amended by Chapter 1023, Statutes of 1994, (effective January 1, 1995) to require three additional elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

Parameters and Guidelines states that a truancy occurs when a student is absent from school without valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year.

Recommendation

We recommend the district establish policies and procedures to ensure that all claimed notification letters are supported.

We also recommend that the district claim reimbursement under the Notification of Truancy Program only for truancy notifications applicable to pupils who are absent from school without valid excuse or tardy more than 30 minutes for more than three days in one school year. Although *Education Code* Section 48260(a) (as amended in 1994), defines a truant student as one who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof, *Parameters and Guidelines* requires at least four unexcused absences for a student to be classified as a reimbursable truant.

In addition, we recommend the district ensure that its initial truancy notification letter includes the eight specified elements required by the *Education Code*.

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